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#### Transforming African Economies for Sustained Growth, Poverty Reduction

***International conference to discuss opportunities and obstacles***

**Accra**—Policymakers, African experts, and international researchers are convening here on May 10-11 to discuss important opportunities and challenges related to economic development, urbanization, and industrialization on the continent. The conference, “Understanding Economic Transformation in Sub-Saharan Africa,” is jointly organized by the International Food Policy Research Institute (IFPRI) and the University of Ghana. Although agricultural growth remains crucial for overall economic expansion and poverty reduction on the continent, countries also need to boost urban industrial growth in order to achieve sustained economic development on a national level.

 “Economic growth ultimately stems from rising productivity within different sectors of the economy and directing a country’s limited resources, including its labor force, to increasingly productive activities,” said Margaret McMillan, deputy director of IFPRI’s Development Strategy and Governance Division. “African policymakers have a critical role to play in fostering this transformation and ensuring that economic growth ultimately improves the health and wellbeing of a country’s citizens.”

Conference participants will share highlights from case studies in Botswana, Ethiopia, Ghana, Malawi, Mozambique, Nigeria, and Uganda. They will also present cross-country analysis, including lessons from economic transformations in Latin America and Asia, and discuss the policy implications, particularly with regard to national development strategies.

In recent years, Sub-Saharan Africa has achieved impressive rates of economic growth, including solid growth in agriculture. Many countries are also urbanizing rapidly and investing in infrastructure, such as roads. These investments, along with the remarkable spread of mobile phones, are helping to connect the rural poor with each other, as well as with urban centers. Despite these changes, the continent still depends heavily on primary exports, and industrial growth has been slow. Unlike the historical experiences of many countries in Asia and Latin America, urbanization in Africa has not led to rapid growth in manufacturing, which is so critical to a country’s economic success.

“Ghana is a case in point,” said Robert Osei, senior research fellow, University of Ghana. “It is one of the most urbanized countries in Sub-Saharan Africa and one of the few on track to reach the Millennium Development Goals, having nearly reduced poverty by half in the past 15 years. Despite these achievements, the country still struggles to attain sustained economic growth and its manufacturing sector has actually been shrinking.”

According to research shared at the conference, economic transformation in Ghana and other Sub-Saharan African countries has not enhanced growth. In fact, in many cases, labor has been moving from relatively more productive sectors to less productive ones, putting a break on economic growth. Although the reasons for this are not entirely clear, weak or nonexistent industrial policies are most likely part of the problem.

“Industrialization and increased economic productivity, like economic growth itself, is not an automatic process,” explained Dani Rodrik, professor, Harvard University. “In many African countries, especially in those economies that rely heavily on natural resources, globalization has not led to an increase in high-productivity employment opportunities, calling into question the sustainability of current growth rates.”

In the face of these challenges, experts at the conference recommended a number of measures countries can take to boost urban industrial growth and, in the long-term, spur national economic development and poverty reduction, including:

* strengthening the links between the agricultural and industrial sectors;
* prioritizing public investments in critical infrastructure, including roads and electricity;
* resolving bottlenecks in key value chains by improving access to credit and raising agricultural productivity;
* promoting industrial clusters by maintaining competitive exchange rates and flexible labor market policies; and
* developing industrial policies, such as special economic zones, to support domestic industries.

“Industrialization and urbanization tend to go hand-in-hand with economic development,” said Shenggen Fan, director general of IFPRI. “However, without appropriate policies, sufficient public investments in infrastructure, and adequate provision of critical social services, these changes will not necessarily accelerate economic growth or improve human welfare. African policymakers must also ensure that the promotion of urbanization does not lead to the neglect of agriculture, or poor people, who often rely on farming to earn a living, could suffer. However, if these concerns are taken into account, the transformation of national economies will no doubt have a huge and positive impact on Africa’s future.”

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*The International Food Policy Research Institute (IFPRI) seeks sustainable solutions for ending hunger and poverty. IFPRI is one of 15 centers supported by the Consultative Group on International Agricultural Research, an alliance of 64 governments, private foundations, and international and regional organizations.* [*www.ifpri.org*](http://www.ifpri.org)